

**EAST GREENE  
COMMUNITY SCHOOL DISTRICT**

INDEPENDENT AUDITOR'S REPORTS  
BASIC FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS

JUNE 30, 2009

# TABLE OF CONTENTS

	<u>Page</u>
Officials	1
Independent Auditor's Report	2-3
Management's Discussion and Analysis	4-12
Basic Financial Statements:	<u>Exhibit</u>
Government-wide Financial Statements:	
Statement of Net Assets	A 13
Statement of Activities	B 14-15
Governmental Fund Financial Statements:	
Balance Sheet	C 16
Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets	D 17
Statement of Revenues, Expenditures and Changes in Fund Balances	E 18
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Statement of Activities	F 19
Proprietary Fund Financial Statements:	
Statement of Revenues, Expenses and Changes in Fund Net Assets	G 20
Statement of Cash Flows	H 21
Fiduciary Funds Financial Statements:	
Statement of Fiduciary Net Assets	I 22
Statement of Changes in Fiduciary Net Assets	J 23
Notes to Financial Statements	24-31
Required Supplementary Information:	
Budgetary Comparison Schedule of Receipts, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund	32
Notes to Required Supplementary Information - Budgetary Reporting	33
Other Supplementary Information:	<u>Schedule</u>
Nonmajor Governmental Funds:	
Combining Balance Sheet	1 34
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	2 35
Schedule of Changes in Special Revenue Fund, Student Activity Accounts	3 36
Fiduciary Funds:	
Combining Statement of Changes in Fund Balances - Private Purpose Trusts	4 37
Schedule of Changes in Fiduciary Net Assets - Agency Fund	5 38
Schedule of Revenues by Source and Expenditures by Function - All Governmental Funds	6 39
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	40-41
Schedule of Findings	42-45

**EAST GREENE COMMUNITY SCHOOL DISTRICT**

**Officials**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
-------------	--------------	---------------------

**Board of Education**

**(Before September 2008 Election)**

Timothy J. Bardole	President	2011
Marc Hoffman	Vice President	2009
Katherine Neese		2008
Richard Gordon		2009
John Lint		2008

**(After September 2008 Election)**

Timothy J. Bardole	President	2011
Marc Hoffman	Vice President	2009
Katherine Neese		2011
Kevin Fouch		2009
John Lint		2011

**School Officials**

G. Michael Harter	Superintendent
Jackie Ostrander	District Secretary
Jenny Wessling	District Treasurer

# BRUCE D. FRINK

## Certified Public Accountant

### Independent Auditor's Report

#### Member:

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

#### Services:

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

#### Plus:

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of  
East Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, business type activities, each major fund and the aggregate remaining fund information of East Greene Community School District, Grand Junction, Iowa as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

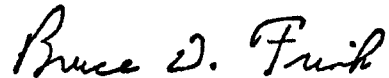
We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business type activities, each major fund, and the aggregate remaining fund information of East Greene Community School District at June 30, 2009 and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated December 16, 2009 on our consideration of East Greene Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 12 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise East Greene Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the five years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplemental information included in Schedules 1 through 6, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Bruce D. Frink". The signature is written in a cursive, flowing style.

**BRUCE D. FRINK**  
**Certified Public Accountant**

December 16, 2009

## **EAST GREENE COMMUNITY SCHOOL DISTRICT**

### **Management's Discussion and Analysis**

East Greene Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### **2009 FINANCIAL HIGHLIGHTS**

- General Fund revenues increased from \$3,550,620 in fiscal 2008 to \$3,959,037 in fiscal 2009, while General Fund expenditures increased from \$3,650,653 in fiscal 2008 to \$3,694,164 in fiscal 2009.
- The increase in General Fund revenues was primarily attributable to increased local property tax revenues. The increase in expenditures (only one percent) was due to cuts in administration and transportation as well as cost containment measures in all areas. The District expanded its sharing of high school classes with Jefferson-Scranton Community School District in an effort to maintain program offerings while still saving money.
- The District collects statewide sales and services tax funds replacing the local option sales tax. These monies are being used for equipment and infrastructure purchases.

#### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the District's financial activities.

The Government-wide Financial Statements consist of a Statement of Net Assets and a Statement of Activities. These provide information about the activities of East Greene Community School District as a whole and present an overall view of the District's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report East Greene Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds. The remaining statements provide financial information about activities for which East Greene Community School District acts solely as an agent or custodian for the benefit of those outside of the District.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the District's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds.

Figure A-1 shows how the various parts of this annual report are arranged and relate to one another.

**Figure A-1**

***East Greene Community School District Annual Financial Report***

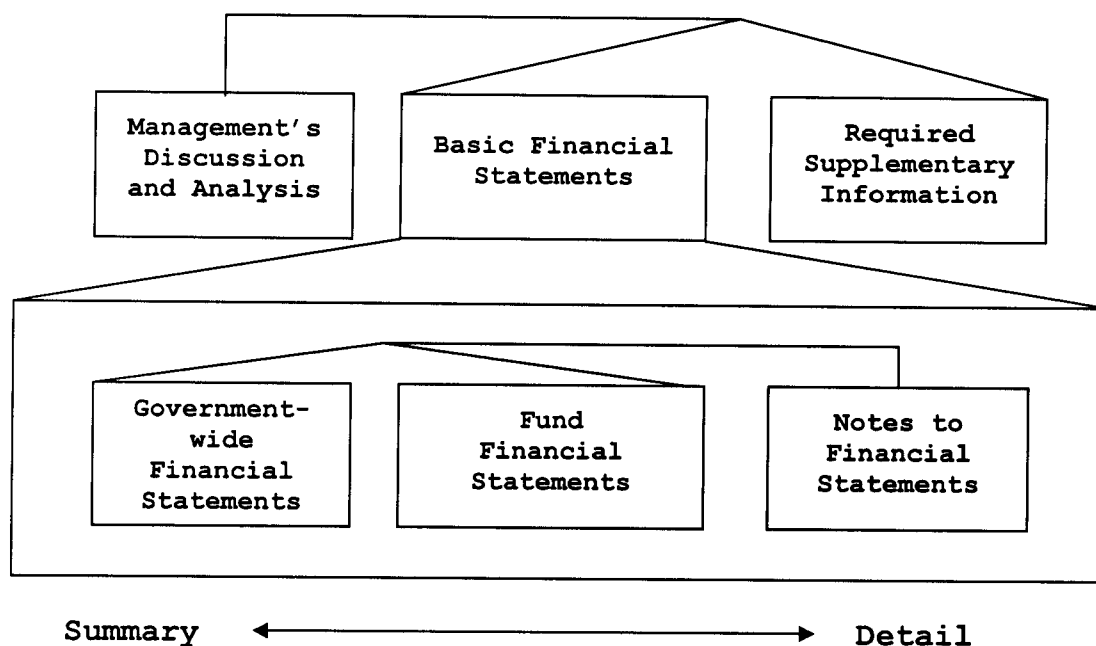


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain.

**Figure A-2**

**Major Features of the Government-wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Fund	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Activity the District operates similar to private businesses: food services.	Instances in which the district administers resources on behalf of someone else, such as scholarship programs
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses and changes in fund net assets</li> <li>• Statement of cash flows</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/ liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, short-term and long-term	All assets and liabilities, both short-term and long- term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid



## REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

### *Government-wide Financial Statements*

The government-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the District's net assets and how they have changed. Net assets - the difference between the District's assets and liabilities - are one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net assets are an indicator of whether financial position is improving or deteriorating. To assess the District's overall health, additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities, need to be considered.

In the government-wide financial statements, the District's activities are divided into two categories:

- *Governmental activities:* Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities:* The District charges fees to help cover the costs of certain services it provides. The District's school nutrition program is included here.

### *Fund Financial Statements*

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants.

The District has three kinds of funds:

- 1) *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs.

The District's governmental funds include the General Fund, Special Revenue Funds, Debt Service and Capital Projects Fund.

The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds:* Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The District's Enterprise Fund, one type of proprietary fund, is the same as its business type activities but provide more detail and additional information, such as cash flows. The District currently has one Enterprise Fund, the School Nutrition Fund.

The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows.

3) *Fiduciary funds*: The District is the trustee, or fiduciary, for assets that belong to others. These funds include Private-Purpose Trust and Agency Funds.

- Private-Purpose Trust Fund - The District accounts for outside donations for scholarships for individual students in this fund.
- Agency Funds - These are funds through which the District administers and accounts for certain revenue collected for District employees and school foundation and related expenditures.

The District is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations.

The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets - Figure A-3 below provides a summary of the District's net assets at June 30, 2009 compared to June 30, 2008.

<b>Figure A-3</b> <b>Condensed Statement of Net Assets</b> <b>(Expressed in Thousands)</b>							
Governmental Activities		Business Type Activities		Total District		Total Change	
June 30,		June 30,		June 30,		June 30,	
2009	2008	2009	2008	2009	2008	2008-2009	
Current assets	\$ 3,227	3,084	21	15	3,248	3,099	4.81%
Capital assets	554	673	15	21	569	694	-18.01%
<b>Total assets</b>	<b>3,781</b>	<b>3,757</b>	<b>36</b>	<b>36</b>	<b>3,817</b>	<b>3,793</b>	<b>0.63%</b>
Current liabilities	2,885	3,146	-	-	2,885	3,146	-8.30%
Non-current liabilities	27	100	-	-	27	100	-73.00%
<b>Total liabilities</b>	<b>2,912</b>	<b>3,246</b>	<b>-</b>	<b>-</b>	<b>2,912</b>	<b>3,246</b>	<b>-10.29%</b>
<b>Net Assets</b>							
Invested in capital assets, net of related debt	541	648	15	21	556	669	-16.89%
Restricted	312	191	-	-	312	191	63.35%
Unrestricted	16	(328)	21	15	37	(313)	-111.82%
<b>Total net assets</b>	<b>\$ 869</b>	<b>511</b>	<b>36</b>	<b>36</b>	<b>905</b>	<b>547</b>	<b>65.45%</b>

The District's combined net assets increased by 65%, or approximately \$358,000 over the prior year. The General Fund increased by over \$264,000 due to additional cash reserve levy as well as strict cost control measures. Restricted fund growth was primarily a result of a \$132,000 increase in the Capital Projects Fund.

Figure A-4 shows the changes in net assets for the year ended June 30, 2009 compared to the year ended June 30, 2008.

Figure A-4							
Changes in Net Assets							
(Expressed in Thousands)							
Governmental		Business Type		Total		Total	
Activities		Activities		School	District	Change	
2009	2008	2009	2008	2009	2008	2008-2009	
\$	185	135	58	51	243	186	30.65%
	688	642	114	120	802	762	5.25%
1,587	1,329	-	-	1,587	1,329		19.41%
101	91	-	-	101	91		10.99%
254	150	-	-	254	150		69.33%
1,622	1,625	-	-	1,622	1,625		-0.18%
1	18	-	-	1	18		-94.44%
3	9	-	-	3	9		-66.67%
<u>4,441</u>	<u>3,999</u>	<u>172</u>	<u>171</u>	<u>4,613</u>	<u>4,170</u>		<u>10.62%</u>
2,772	2,662	-	-	2,772	2,662		4.13%
935	1,022	-	-	935	1,022		-8.51%
2	2	172	176	174	178		-2.25%
374	347	-	-	374	347		7.78%
<u>4,083</u>	<u>4,033</u>	<u>172</u>	<u>176</u>	<u>4,255</u>	<u>4,209</u>		<u>1.09%</u>
\$	358	(34)	-	(5)	358	(39)	1017.95%

Property tax and unrestricted state grants account for 70% of the total revenue. The District's expenses primarily relate to instruction and support services which account for 91% of the total expenses.

#### Governmental Activities

Revenues for governmental activities were \$4,441,061 and expenses were \$4,083,137 for the year ended June 30, 2009.

The following table presents the total and net cost of the District's major governmental activities, instruction, support services, non-instructional programs and other expenses, for the year ending June 30, 2009 compared to the year ended June 30, 2008.

**Figure A-5**  
**Total and Net Cost of Governmental Activities**  
**(Expressed in Thousands)**

	Total Cost of Services			Net Cost of Services		
	2009	2008	Change 2008-2009	2009	2008	Change 2008-2009
Instruction	\$ 2,772	2,662	4.13%	2,051	2,033	0.89%
Support Services	935	1,022	-8.51%	927	1,013	-8.49%
Non-instructional programs	2	2	0.00%	2	2	0.00%
Other expenses	374	347	7.78%	231	208	11.06%
Totals	<u>\$ 4,083</u>	<u>4,033</u>	<u>1.24%</u>	<u>3,211</u>	<u>3,256</u>	<u>-1.38%</u>

For the year ended June 30, 2009:

- The cost financed by users of the District's programs was \$184,490.
- Federal and state governments subsidized certain programs with grants and contributions totaling \$439,894.
- The net cost of governmental activities was financed with \$1,586,592 in property and other local taxes and \$1,622,493 in unrestricted state grants.

#### **Business Type Activities**

Revenues for business type activities during the year ended June 30, 2009 were \$171,897 and expenses were \$171,927. The District's business type activities include the School Nutrition Fund. Revenues of these activities were comprised of charges for food service, federal and state reimbursements and investment income.

#### **FUND ANALYSIS OF THE DISTRICT'S FUNDS**

As previously noted, East Greene Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported combined fund balance of \$255,248, an increase of over \$400,000 from last year's ending fund deficit of \$145,939.

#### **Governmental Fund Highlights**

- The District's General Fund financial position increased from the prior year. The District has carefully monitored discretionary spending to try to lessen spending in all areas. Grants are obtained whenever possible to enhance the District's educational offerings. Sharing high school classes with Jefferson-Scranton Community School District was expanded in 2008. The District levied a cash reserve levy to offset the effects of prior state aid cuts.
- The District began collecting sales tax revenues from Greene County in July, 2004. That was replaced in FY09 by the statewide sales and services tax. It is hoped that this will increase revenues in the Capital Projects Fund. This money is being used for equipment and infrastructure purposes.

#### **Proprietary Fund Highlights**

The School Nutrition Fund balance stayed level during the fiscal year ending June 30, 2009. The District continues to monitor expenses in an effort to keep prices down.

## BUDGETARY HIGHLIGHTS

The District's receipts were \$49,000 greater than budgeted receipts. This variance resulted from the District receiving less than expected state and federal source revenues.

Total expenditures were less than budgeted, as a whole. Expenditures did not exceed the amended budget amounts in any of the four functional areas. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. The District did not exceed its General Fund unspent authorized budget.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

At June 30, 2009, the District had invested over \$568,000, net of accumulated depreciation, in a broad range of capital assets, including land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) More detailed information about the District's capital assets is presented in Note 3 to the financial statements. Depreciation expenses for the year were \$180,559.

The original cost of the District's capital assets was \$3,110,555. Governmental funds account for \$3,046,003, with the remainder of \$64,552 accounted for in the Proprietary, School Nutrition Fund.

**Figure A-6**  
**Condensed Statement of Net Assets**  
**(Expressed in Thousands)**

	Governmental Activities		Business Type Activities		Total District		Total Change
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	2008-2009
Land	\$ 29	23	-	-	29	23	26.09%
Land improvements	91	85	-	-	91	85	7.06%
Buildings	286	308	-	-	286	308	-7.14%
Furniture and equipment	148	257	15	21	163	278	-41.37%
Totals	\$ 554	673	15	21	569	694	-18.01%

### Long-term Debt

The District paid off a Technology Note Payable of \$11,200 for a building addition and ICN equipment at the high school building.

The District also leased a bus during the year ending June 30, 2008. There was a \$40,000 down payment and one payment of \$13,558 remains.

## ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future.

- The District continues to explore options to maintain programs while lowering costs.
- The statewide sales and services tax replaced the local option sales tax. It is hoped that revenues in the Capital Projects Fund will increase as a result.

- The District's health insurance costs continue to increase. Control of these costs is necessary to maintain a stable fund balance.
- Enrollment driven revenues, such as property taxes, and state foundation aid, can only be maintained by maintaining or increasing the District's student count.
- Unfunded mandates are stretching the limits of not only the financial health of the District, but also the human resources aspect of the District. "No Child Left Behind", "Student Achievement and Teacher Quality Act", "GASB 34", reduction in state aid for juvenile homes and the unfunded PSEO mandate to name a few.

#### **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide the District's taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jackie Ostrander, District Secretary, East Greene Community School District, 405 12<sup>th</sup> St S, Grand Junction, Iowa 50107.

## Basic Financial Statements

## EAST GREENE COMMUNITY SCHOOL DISTRICT

## Statement of Net Assets

June 30, 2009

	Governmental Activities	Business Type Activities School Nutrition	Total
<b>Assets</b>			
Cash and pooled investments	\$ 347,118	10,661	357,779
ISCAP investments	967,855	-	967,855
Receivables:			
Property tax:			
Current year	21,660	-	21,660
Succeeding year	1,735,514	-	1,735,514
Income surtax	86,985	-	86,985
Due from other governments	56,380	3,697	60,077
ISCAP accrued interest	3,532	-	3,532
Other receivables	8,463	-	8,463
Inventories	-	6,280	6,280
Capital assets, net of accumulated depreciation	553,678	15,316	568,994
<b>Total assets</b>	<b>3,781,185</b>	<b>35,954</b>	<b>3,817,139</b>
<b>Liabilities</b>			
Accounts payable	105,374	5	105,379
Accrued payroll and benefits	49,298	-	49,298
Accrued interest payable	51	-	51
ISCAP warrants payable	954,000	-	954,000
ISCAP accrued interest payable	20,604	-	20,604
Deferred revenue:			
Succeeding year property tax	1,735,514	-	1,735,514
Federal programs	20,484	-	20,484
Long term liabilities:			
Portion due within one year:			
Early retirement	14,019	-	14,019
Bus lease payable	13,004	-	13,004
<b>Total liabilities</b>	<b>2,912,348</b>	<b>5</b>	<b>2,912,353</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	540,674	15,316	555,990
Restricted for:			
Management fund	93,506	-	93,506
Capital projects	210,842	-	210,842
Physical plant and equipment levy	4,883	-	4,883
Categorical funding	3,226	-	3,226
Unrestricted	15,706	20,633	36,339
<b>Total net assets</b>	<b>\$ 868,837</b>	<b>35,949</b>	<b>904,786</b>

See notes to financial statements.



## EAST GREENE COMMUNITY SCHOOL DISTRICT

## Statement of Activities

Year ended June 30, 2009

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
	Charges for Service	Operating Grants, Contributions and Restricted Interest	Governmental Activities	Business Type Activities	Total
<b>Functions/Programs:</b>					
Governmental activities:					
Instruction:	\$ 2,771,873	184,490	535,777	(2,051,606)	(2,051,606)
Support services:					
Student services	79,424	-	-	(79,424)	(79,424)
Instructional staff services	39,119	-	-	(39,119)	(39,119)
Administration services	377,240	-	-	(377,240)	(377,240)
Operation and maintenance of plant services	296,535	-	8,639	(287,896)	(287,896)
Transportation services	142,997	-	-	(142,997)	(142,997)
	935,315	-	8,639	(926,676)	(926,676)
Non-instructional programs:					
Community service & education	1,696	-	-	(1,696)	(1,696)
	1,696	-	-	(1,696)	(1,696)
Other expenditures:					
Interest on long-term debt	677	-	-	(677)	(677)
Facilities acquisition and construction	55,756	-	658	(55,098)	(55,098)
AEA flowthrough	142,731	-	142,731	-	-
Depreciation (unallocated)*	175,089	-	-	(175,089)	(175,089)
	374,253	-	143,389	(230,864)	(230,864)
Total governmental activities	4,083,137	184,490	687,805	(3,210,842)	(3,210,842)

**EAST GREENE COMMUNITY SCHOOL DISTRICT**

Statement of Activities

Year ended June 30, 2009

	Program Revenues		Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Service	Operating Grants, Contributions and Restricted Interest	Total
Business type activities:				
Non-instructional programs:				
Nutrition services	171,927	57,914	113,983	(30)
Total	<u>\$ 4,255,064</u>	<u>242,404</u>	<u>801,788</u>	<u>(3,210,872)</u>
<b>General Revenues:</b>				
Property tax levied for:				
General purposes			\$ 1,466,473	-
Management fund			110,076	-
Capital outlay			10,043	-
Income surtax			100,803	-
Statewide sales and services tax			254,063	-
Unrestricted state grants			1,622,493	-
Unrestricted investment earnings			1,393	-
Other			3,422	-
Total general revenues			<u>3,568,766</u>	<u>-</u>
Change in net assets			357,924	(30)
Net assets beginning of year			510,913	35,979
Net assets end of year			<u>\$ 868,837</u>	<u>35,949</u>
				<u>904,786</u>

\* This amount excludes the depreciation that is included in the direct expense of the various programs.

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Balance Sheet  
Governmental Funds

June 30, 2009

	<u>General</u>	<u>Management Levy</u>	<u>Capital Projects</u>	<u>Nonmajor Special Revenue</u>	<u>Total</u>
<b>Assets</b>					
Cash and pooled investments	\$ 1,523	106,022	194,621	44,952	347,118
ISCAP investments	967,855		-	-	967,855
Receivables:					
Property tax:					
Current year	20,021	1,503	-	136	21,660
Succeeding year	1,595,514	120,000	-	20,000	1,735,514
Income surtax	86,985	-	-	-	86,985
Due from other governments	40,159	-	16,221	-	56,380
ISCAP accrued interest	3,532	-	-	-	3,532
Other receivables	8,463	-	-	-	8,463
<b>Total assets</b>	<u>\$ 2,724,052</u>	<u>227,525</u>	<u>210,842</u>	<u>65,088</u>	<u>3,227,507</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 105,374	-	-	-	105,374
Accrued payroll and benefits	49,298	-	-	-	49,298
ISCAP warrants payable	954,000	-	-	-	954,000
ISCAP accrued interest payable	20,604	-	-	-	20,604
Deferred revenue:					
Succeeding year property tax	1,595,514	120,000	-	20,000	1,735,514
Income surtax	86,985	-	-	-	86,985
Federal programs	20,484	-	-	-	20,484
Total liabilities	<u>2,832,259</u>	<u>120,000</u>	<u>-</u>	<u>20,000</u>	<u>2,972,259</u>
Fund balances:					
Reserved for capital projects	-	-	210,842	-	210,842
Reserved for categorical purposes	3,226	-	-	-	3,226
Unreserved, undesignated	(111,433)	107,525	-	45,088	41,180
Total fund balances	<u>(108,207)</u>	<u>107,525</u>	<u>210,842</u>	<u>45,088</u>	<u>255,248</u>
<b>Total liabilities and fund balances</b>	<u>\$ 2,724,052</u>	<u>227,525</u>	<u>210,842</u>	<u>65,088</u>	<u>3,227,507</u>

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds  
to the Statement of Net Assets

June 30, 2009

Total fund balances of governmental funds (Exhibit C)		\$	255,248
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>			
Income surtax receivable at June 30, 2009 is not recognized as income until received in the governmental funds, however it is shown as a receivable in the Statement of Net Assets.			86,985
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds.			553,678
Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.			(51)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.			
Early retirement payable	\$	(14,019)	
Bus lease payable		<u>(13,004)</u>	<u>(27,023)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 868,837</u>

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Fund Types

Year ended June 30, 2009

	General	Management Levy	Capital Projects	Nonmajor Special Revenue	Total
Revenues:					
Local sources:					
Local tax	\$ 1,564,614	110,076	254,063	10,043	1,938,796
Tuition	128,414	-	-	-	128,414
Other	60,891	8,639	658	95,883	166,071
State sources	2,030,162	-	-	-	2,030,162
Federal sources	174,956	-	-	-	174,956
Total revenues	<u>3,959,037</u>	<u>118,715</u>	<u>254,721</u>	<u>105,926</u>	<u>4,438,399</u>
Expenditures:					
Instruction	<u>2,656,616</u>	<u>72,328</u>	<u>-</u>	<u>92,261</u>	<u>2,821,205</u>
Support services:					
Student services	75,606	3,818	-	-	79,424
Instructional staff services	50,827	-	17,143	-	67,970
Administration services	372,135	5,105	-	-	377,240
Operation and maintenance of plant services	262,868	26,667	7,000	-	296,535
Transportation services	<u>131,685</u>	<u>9,412</u>	<u>1,900</u>	<u>-</u>	<u>142,997</u>
	<u>893,121</u>	<u>45,002</u>	<u>26,043</u>	<u>-</u>	<u>964,166</u>
Non-instructional programs:					
Community service & education	<u>1,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696</u>
	<u>1,696</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,696</u>
Other expenditures:					
Long-term debt:					
Principal	-	-	-	24,132	24,132
Interest	-	-	-	626	626
Facilities acquisition and construction	-	-	71,510	11,146	82,656
AEA flowthrough	<u>142,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>142,731</u>
	<u>142,731</u>	<u>-</u>	<u>71,510</u>	<u>35,904</u>	<u>250,145</u>
Total expenditures	<u>3,694,164</u>	<u>117,330</u>	<u>97,553</u>	<u>128,165</u>	<u>4,037,212</u>
Excess (deficiency) of revenues over (under) expenditures	<u>264,873</u>	<u>1,385</u>	<u>157,168</u>	<u>(22,239)</u>	<u>401,187</u>
Other financing sources (uses):					
Operating transfers in	-	-	-	24,758	24,758
Operating transfers out	<u>-</u>	<u>-</u>	<u>(24,758)</u>	<u>-</u>	<u>(24,758)</u>
	<u>-</u>	<u>-</u>	<u>(24,758)</u>	<u>24,758</u>	<u>-</u>
Net change in fund balances	264,873	1,385	132,410	2,519	401,187
Fund balances beginning of year	<u>(373,080)</u>	<u>106,140</u>	<u>78,432</u>	<u>42,569</u>	<u>(145,939)</u>
Fund balances end of year	<u>\$ (108,207)</u>	<u>107,525</u>	<u>210,842</u>	<u>45,088</u>	<u>255,248</u>

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Reconciliation of the Statement of Revenues, Expenditures and  
Changes in Fund Balances - Governmental Funds  
to the Statement of Activities

Year ended June 30, 2009

Net change in fund balances - total governmental funds (Exhibit E) \$ 401,187

**Amounts reported for governmental activities in the Statement of  
Activities are different because:**

Income surtaxes not collected for several months after the District's fiscal year ends are not considered "available" revenues in the governmental funds and are included as deferred revenues. They are, however, recorded as revenues in the statement of activities 2,662

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Activities and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

Capital outlays	\$ 55,751	
Depreciation expense	<u>(175,089)</u>	(119,338)

Repayment of long-term liabilities is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets. Current year repayments are as follows:

Repayments	24,132
------------	--------

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when due. In the Statement of Activities, interest expense is recognized as the interest accrues, regardless of when it is due. (51)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

Early retirement	<u>49,332</u>
------------------	---------------

Change in net assets of governmental activities (Exhibit B)	<u>\$ 357,924</u>
---	-------------------

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Operating revenue:	
Local sources:	
Charges for services	\$ 57,914
Operating expenses:	
Non-instructional programs:	
Food service operations:	
Salaries	60,897
Benefits	25,226
Services	20
Supplies	80,314
Depreciation	5,470
Total operating expenses	<u>171,927</u>
Operating (loss)	<u>(114,013)</u>
Non-operating revenues:	
Interest on investments	98
State sources	1,721
Federal sources	<u>112,164</u>
	<u>113,983</u>
Change in net assets	(30)
Net assets beginning of year	<u>35,979</u>
Net assets end of year	<u>\$ 35,949</u>

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Cash Flows  
Proprietary Fund

Year ended June 30, 2009

	<u>School Nutrition</u>
Cash flows from operating activities:	
Cash received from sale of lunches and breakfasts	\$ 59,572
Cash payments to employees for services	(86,123)
Cash payments to suppliers for goods or services	<u>(69,789)</u>
Net cash (used by) operating activities	<u>(96,340)</u>
Cash flows from non-capital financing activities:	
State grants received	1,721
Federal grants received	<u>99,979</u>
Net cash provided by non-capital financing activities	<u>101,700</u>
Cash flows from investing activities:	
Interest on investments	<u>98</u>
Net increase in cash and cash equivalents	5,458
Cash and cash equivalents beginning of year	<u>5,203</u>
Cash and cash equivalents end of year	<u><u>10,661</u></u>
<b>Reconciliation of operating (loss) to net cash (used by)</b>	
<b>operating activities:</b>	
Operating (loss)	(114,013)
Adjustments to reconcile operating profit (loss) to net cash	
provided by (used in) operating activities:	
Depreciation	5,470
Commodities used	12,185
Decrease in receivables	1,658
(Increase) in inventory	(1,645)
Increase in accounts payable	<u>5</u>
	<u>\$ (96,340)</u>

**Non-cash investing, capital and financing activities:**

During the year ended June 30, 2009, the District received federal commodities valued at \$12,185.



## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trusts <u>Scholarships</u>	Agency <u>Funds</u>
<b>Assets</b>		
Cash and pooled investments	\$ 58,830	30,608
Total assets	<u>58,830</u>	<u>30,608</u>
<b>Liabilities</b>		
Other payables	<u>-</u>	<u>30,608</u>
<b>Net Assets</b>		
Reserved for scholarships	<u>\$ 58,830</u>	<u>-</u>

See notes to financial statements.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets  
Fiduciary Funds

Year ended June 30, 2009

	Private Purpose Trusts <u>Scholarships</u>
Additions:	
Local sources:	
Contributions	\$ -
Interest on investments	<u>221</u>
Total additions	<u>221</u>
Deductions:	
Instruction:	
Other	<u>950</u>
Total deductions	<u>950</u>
Change in net assets	(729)
Net assets beginning of year	<u>59,559</u>
Net assets end of year	<u>\$ 58,830</u>

See notes to financial statements.

# EAST GREENE COMMUNITY SCHOOL DISTRICT

## Notes to Financial Statements

June 30, 2009

### (1) Summary of Significant Accounting Policies

East Greene Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve and special education pre-kindergarten. The geographic area served includes the Cities of Grand Junction and Rippey, Iowa, and agricultural territory in Greene and Boone Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

#### A. Reporting Entity

For financial reporting purposes, East Greene Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the District. East Greene Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations - The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Greene and Boone Counties Assessor's Conference Boards.

#### B. Basis of Presentation

Government-wide Financial Statements - The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

*Invested in capital assets, net of related debt* consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributable to the acquisition, construction or improvement of those assets.

*Restricted net assets* result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net assets* consist of net assets not meeting the definition of the two preceding categories. Unrestricted net assets often have constraints on resources that are imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements - Separate financial statements are provided for governmental, proprietary and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as other nonmajor governmental funds.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Management Levy Fund is utilized for the payment of insurance, unemployment and early retirement benefits.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities.

The District reports the following major proprietary fund:

The District's major proprietary fund is the Enterprise, School Nutrition Fund. The School Nutrition Fund is used to account for the food service operations of the District.

The District also reports fiduciary funds which focus on net assets and changes in net assets. The District's fiduciary funds include the following:

The Private Purpose Trust Fund is used to account for assets held by the District under trust agreements which require income earned to be used to benefit individuals through scholarships awards.

The Agency Fund is used to account for assets held by the District as an agent for individuals, private organizations and other governments. The Agency Fund is custodial in nature, assets equal liabilities, and does not involve measurement of results of operations.

#### C. Measurement Focus and Basis of Accounting

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under the terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

The proprietary fund of the District applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's Enterprise Fund are charges to customers for sales and services. Operating expenses for Enterprise Funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

#### D. Assets, Liabilities and Fund Balance

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents - The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable - Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Delinquent property tax receivable represents unpaid taxes for the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget by April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year become effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the government-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

Property tax revenue recognized in these funds become due and collectible in September and March of the fiscal year with a 1½% per month penalty for delinquent payments; is based on January 1, 2007 assessed property valuations; is for the tax accrual period July 1, 2008 through June 30, 2009 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2008.

Due From Other Governments - Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories - Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded expenses when consumed rather than when purchased or received.

Capital Assets - Capital assets, which include property, furniture and equipment, are reported in the applicable governmental or business type activities columns in the government-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

<u>Asset Class</u>	<u>Amount</u>
Land	\$ 2,000
Buildings	10,000
Improvements other than buildings	10,000
Furniture and equipment:	
School Nutrition Fund equipment	1,000
Other furniture and equipment	1,000

Capital assets are depreciated using the straight line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives (In Years)</u>
Buildings	50 years
Improvements other than buildings	20-50 years
Furniture and equipment	5-15 years

Salaries and Benefits Payable - Payroll and related expenditures for employees with annual contracts corresponding to the current school year, which are payable in July, have been accrued as liabilities.

Deferred Revenue - Although certain revenues are measurable, they are not available. Available means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds as well as property tax receivables and other receivables not collected within sixty days after year end.

Deferred revenue in the Statement of Net Assets consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied as well as federal program income that was received in the current year but which will not be expended until future years.

Compensated Absences - District employees accumulated a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees that have resigned or retired. The compensated absences liability is deemed to be immaterial at June 30, 2009.

Long-Term Liabilities - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Fund Equity - In the governmental fund financial statements, reservations of fund balance are reported for amounts that are not available for appropriation or legally restricted by outside parties for use for a specific purpose.

Restricted Net Assets - In the government-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

#### E. Budgeting and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, expenditures did not exceed the amended amounts budgeted in any of the four functional areas. The District did not exceed its General Fund unspent authorized budget.

## (2) **Cash and Pooled Investments**

The District's in banks deposits at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2009, the District had investments in the Iowa Schools Joint Investment Trust, as follows:

	<u>Amortized Costs</u>
Diversified Portfolio	<u>\$296,000</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit risk - The investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

### (3) Capital Assets

Capital assets activity for the year ended June 30, 2009 is as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
<b>Governmental activities:</b>				
Capital assets not being depreciated:				
Land	\$ 23,000	6,000	-	29,000
Capital assets being depreciated:				
Land Improvements	332,908	19,900	-	352,808
Buildings	1,068,738	1,000	-	1,069,738
Furniture and Equipment	1,565,606	28,851	-	1,594,457
Total capital assets being depreciated	2,967,252	49,751	-	3,017,003
Less accumulated depreciation for:				
Land Improvements	247,910	14,113	-	262,023
Buildings	760,252	23,354	-	783,606
Furniture and Equipment	1,309,074	137,622	-	1,446,696
Total accumulated depreciation	2,317,236	175,089	-	2,492,325
Total capital assets being depreciated, net	650,016	(125,338)	-	524,678
Governmental activities, capital assets, net	\$ 673,016	(119,338)	-	553,678
<b>Business type activities:</b>				
Furniture and equipment	\$ 64,552	-	-	64,552
Less accumulated depreciation	43,766	5,470	-	49,236
Business type activities capital assets, net	\$ 20,786	(5,470)	-	15,316
Depreciation expense was charged to the following functions:				
Governmental activities:				
Unallocated				\$ 175,089
Business Type activities:				
Food service operations				\$ 5,470

### (4) Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.10% of their annual salary and the District is required to contribute 6.35% of annual covered salary. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$126,023, \$117,052, and \$117,099 respectively, equal to the required contributions for each year.



**(5) Changes in Long-Term Debt**

A summary of changes in long-term debt for the year ended June 30, 2009 is as follows:

	<u>Bus Lease</u>	<u>Note Payable</u>	<u>Early Retirement Payable</u>	<u>Total</u>
Balance beginning of year	\$25,936	11,200	63,351	100,487
Additions	-	-	-	-
Reductions	<u>12,932</u>	<u>11,200</u>	<u>49,332</u>	<u>73,464</u>
Balance end of year	<u>\$13,004</u>	<u>-</u>	<u>14,019</u>	<u>27,023</u>

**Note Payable:**

The District has a \$112,000 note payable to Midland Power Cooperative with a zero per cent interest rate. The final payment was made in June, 2009. These funds were made available through the Federal Rural Economic Development Loan and Grant Program and the funds were used to build an addition at the building in Grand Junction, Iowa to be used for the Iowa Communications Network (ICN) equipment and classes using that equipment.

The District leased a school bus from Blue Bird Corporation with an option to buy. The District paid \$40,000 down and has two payments of \$13,558 due in Fiscal Years 2009 and 2010. Imputed interest of 4.26% is included in the payments. Proceeds of the statewide sales and services tax are being used to make the payments.

**Early Retirement:**

The District offers a voluntary early retirement plan to its certified and non-certified employees. Eligible employees must be at least age fifty-nine and employees must have completed twelve years of continuous service to the District. Employees must also complete an application which is required to be approved by the Board of Education. The early retirement incentive for each eligible certified employee is equal to 100% of the difference between the salary schedule base and the employee's placement on the salary schedule. Supplemental pay, extended contract and phase monies are not included. The early retirement incentive for each eligible non-certified employee is equal to 25% of that employee's salary in the last year of employment subject to a maximum of \$8,000 per individual.

**(6) Area Education Agency**

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$142,731 for year ended June 30, 2009 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

**(7) Iowa School Cash Anticipation Program (ISCAP)**

The District participates in the Iowa Schools Cash Anticipation Program (ISCAP). ISCAP is a program of the Iowa Association of School Boards and is designed to provide funds to participating entities during periods of cash deficits. ISCAP is funded by a semiannual issuance of anticipatory warrants, which mature as noted below. The warrant sizing of each school corporation is based on a projection of cash flow needs during the semiannual period. ISCAP accounts are maintained for each participating entity, and monthly statements are provided regarding their cash balance, interest earnings and amounts available for withdrawal for each outstanding series of warrants. Bankers Trust Co. NA is the trustee for the program. A summary of the District's participation in ISCAP as of June 30, 2009 is as follows:

<u>Series</u>	<u>Warrant Date</u>	<u>Final Warrant Maturity</u>	<u>Investment</u>	<u>Accrued Interest Receivable</u>	<u>Warrants Payable</u>	<u>Accrued Interest Payable</u>
2008-09B	1/21/09	1/21/10	420,321	3,464	415,000	20,419
2009-10A	6/25/09	6/23/10	<u>547,534</u>	<u>68</u>	<u>539,000</u>	<u>185</u>
Total			<u>\$967,855</u>	<u>3,532</u>	<u>954,000</u>	<u>20,604</u>

The District pledges its state foundation aid payments and General Fund receipts as security for warrants issued. Repayments must be made when General Fund receipts are received. If a balance is outstanding on the last date the funds are available to be drawn, then the District must repay the outstanding withdrawal from its General Fund receipts, and must make minimum warrant repayments on the 25th of each month immediately following the final date the warrant proceeds may be used in an amount equal to 25% of the warrant amount. ISCAP advance activity in the General Fund for the year ended June 30, 2009 is as follows:

<u>Series</u>	<u>Balance Beginning of Year</u>	<u>Advances Received</u>	<u>Advances Repaid</u>	<u>Balance End of Year</u>
2008-09A	\$ -	743,000	743,000	-
2008-09B	-	<u>265,000</u>	<u>265,000</u>	-
	<u>\$ -</u>	<u>1,008,000</u>	<u>1,008,000</u>	<u>-</u>

The warrants bear interest and the available proceeds of the warrants are invested at an interest rate as shown below:

<u>Series</u>	<u>Interest Rates on Warrants</u>	<u>Interest Rates on Investments</u>
2008-09A	3.500%	3.469%
2008-09B	3.000%	2.110%
2009-10A	2.500%	0.902%

#### (8) Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer to</u>	<u>Transfer from</u>	<u>Amount</u>
Debt Service	Capital Projects	<u>\$24,758</u>

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

#### (9) Financial Condition

The General Fund had a deficit fund balance of \$108,207 at June 30, 2009.

#### (10) Related Party Transactions

The District engaged in business transactions with a board member. Details of these transactions are shown in the Schedule of Findings, item II-D-09.

## Required Supplementary Information

# **EAST GREENE COMMUNITY SCHOOL DISTRICT**

## Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances - Budget and Actual - All Governmental Funds and Proprietary Fund Required Supplementary Information

Year ended June 30, 2009

	Governmental Fund Types	Proprietary Fund Type	Total Actual	Budgeted Amounts Original	Final	Final to Actual Variance
Revenues:						
Local sources	\$ 2,233,281	58,012	2,291,293	2,081,858	2,081,858	209,435
State sources	2,030,162	1,721	2,031,883	2,260,390	2,260,390	(228,507)
Federal sources	174,956	112,164	287,120	219,000	219,000	68,120
Total revenues	<u>4,438,399</u>	<u>171,897</u>	<u>4,610,296</u>	<u>4,561,248</u>	<u>4,561,248</u>	<u>49,048</u>
Expenditures/expenses:						
Instruction	2,821,205	-	2,821,205	2,713,746	3,032,800	211,595
Support services	964,166	-	964,166	1,419,000	1,258,000	293,834
Non-instructional programs	1,696	171,927	173,623	185,523	185,523	11,900
Other expenditures	250,145	-	250,145	232,872	274,800	24,655
Total expenditures/expenses	<u>4,037,212</u>	<u>171,927</u>	<u>4,209,139</u>	<u>4,551,141</u>	<u>4,751,123</u>	<u>541,984</u>
Excess (deficiency) of revenues over (under) expenditures/expenses	401,187	(30)	401,157	10,107	(189,875)	591,032
Other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses and other financing uses	401,187	(30)	401,157	10,107	(189,875)	591,032
Balance beginning of year	(145,939)	35,979	(109,960)	942	248,129	(358,089)
Balance end of year	<u>255,248</u>	<u>35,949</u>	<u>291,197</u>	<u>11,049</u>	<u>58,254</u>	<u>232,943</u>

See accompanying independent auditor's report.

## **EAST GREENE COMMUNITY SCHOOL DISTRICT**

### **Notes to Required Supplementary Information - Budgetary Reporting**

Year ended June 30, 2009

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standard Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except Private Purpose Trust and Agency Funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the GAAP basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated functional level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year the District adopted one budget amendment, increasing budgeted expenditures by \$199,982.

During the year ended June 30, 2009, expenditures did not exceed the amounts budgeted in any of the four functional areas. The District did not exceed the General Fund unspent authorized budget.

## Other Supplementary Information

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Combining Balance Sheet  
Nonmajor Governmental Funds

June 30, 2009

	<u>Special Revenue</u>		
	<u>Student</u>	<u>Physical</u>	
	<u>Activity</u>	<u>Plant and</u>	
		<u>Equipment</u>	
		<u>Levy</u>	<u>Total</u>
<b>Assets</b>			
Cash and pooled investments	\$ 40,205	4,747	44,952
Property tax receivable:			
Current year	-	136	136
Succeeding year	-	20,000	20,000
Other receivables	-	-	-
<b>Total assets</b>	<u>\$ 40,205</u>	<u>24,883</u>	<u>65,088</u>
<b>Liabilities and Fund Balance</b>			
Liabilities:			
Deferred revenue:			
Succeeding year property tax	\$ -	20,000	20,000
Total liabilities	-	20,000	20,000
Fund balance:			
Unreserved fund balance	40,205	4,883	45,088
<b>Total liabilities and fund balances</b>	<u>\$ 40,205</u>	<u>24,883</u>	<u>65,088</u>

See accompanying independent auditor's report.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Combining Schedule of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Governmental Funds

Year ended June 30, 2009

	Special Revenue			
	Debt Service	Student Activity	Physical Plant and Equipment Levy	Total
Revenues:				
Local sources:				
Local tax	\$ -	-	10,043	10,043
Other	-	95,883	-	95,883
State sources	-	-	-	-
Total revenues	-	95,883	10,043	105,926
Expenditures:				
Instruction	-	92,261		92,261
Other expenditures:				
Long-term debt:				
Principal	24,132	-	-	24,132
Interest	626	-	-	626
Facilities acquisition and construction	-	-	11,146	11,146
Total expenditures	24,758	92,261	11,146	128,165
Excess (deficiency) of revenues over (under) expenditures	(24,758)	3,622	(1,103)	(22,239)
Other financing sources:				
Operating transfers in	24,758	-	-	24,758
Net change in fund balances	-	3,622	(1,103)	2,519
Fund balances beginning of year	-	36,583	5,986	42,569
Fund balances end of year	\$ -	40,205	4,883	45,088

See accompanying independent auditor's report.



## EAST GREENE COMMUNITY SCHOOL DISTRICT

## Schedule of Changes in Special Revenue Fund, Student Activity Accounts

Year ended June 30, 2009

Account	Balance Beginning of Year	Revenues	Expenditures	Balance End of Year
Advisory Committee	\$ 2,768	552	1,814	1,506
High School Student Council	536	2,458	2,340	654
Junior High Student Council	23	-	-	23
Drama	779	549	617	711
Science 7-12	23	-	-	23
Vocal Music	8	-	8	-
Instrumental Music	2,764	5,459	6,083	2,140
Library	7	-	-	7
FFA	255	-	255	-
SADD	247	13	92	168
Home Ec	1,062	-	-	1,062
Industrial Arts	30	-	30	-
Class of 2005	18	-	-	18
Class of 2006	1,293	-	50	1,243
Class of 2007	265	-	-	265
Class of 2008	271	-	-	271
Class of 2009	7,508	880	6,321	2,067
Class of 2010	786	17,549	11,014	7,321
Class of 2011	20	4,164	2,914	1,270
Assembly	1,534	885	-	2,419
Lockers	1,180	305	-	1,485
Photography	122	-	112	10
National Honor Society	470	770	899	341
Athletic Fund Balance	(2,701)	10,143	6,588	854
Athletic Special	2,991	6,611	8,636	966
Basketball	375	6,680	6,185	870
Girls Basketball Fundraiser	786	-	252	534
Football	415	5,121	5,536	-
Baseball	115	3,991	3,925	181
Volleyball	(95)	1,534	1,439	-
Volleyball Fundraiser	39	-	-	39
Softball	(1,660)	3,455	1,795	-
Track	(902)	2,060	938	220
Cross Country	(10)	57	47	-
Golf	(215)	425	210	-
Magazine Sales	(7)	2,250	1,459	784
Weight Room	8,863	9,610	12,260	6,213
Football Cheerleaders	135	1,739	1,290	584
Basketball Cheerleaders	257	-	31	226
Elementary Student Council	384	3,471	3,182	673
Elementary Yearbook	2,136	-	111	2,025
Art 1-6	5	-	-	5
Band - Elementary Resale	162	-	-	162
Annual	541	3,603	4,144	-
Art 7-12	2,285	300	17	2,568
Band - High School Resale	58	760	818	-
Art Club	657	489	849	297
Total	36,583	95,883	92,261	40,205

See accompanying independent auditor's report.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Combining Statement of Changes in Fund Balances  
Fiduciary Funds - Private Purpose Trusts

Year ended June 30, 2009

	Morse- Kennedy	Vivian & Howard Cox	Junction Masonic	Claus Loof	Beaty	Kay Sweet Scholarship	Totals
Revenues:							
Local sources:							
Contributions	\$ -	-	-	-	-	-	-
Interest on investments	-	22	26	-	167	6	221
	-	22	26	-	167	6	221
Expenditures:							
Instruction:							
Regular instruction:							
Other	50	800	100	-	-	-	950
	50	800	100	-	-	-	950
Excess (deficiency) of revenues over (under) expenditures	(50)	(778)	(74)	-	167	6	(729)
Balance beginning of year	1,052	24,266	1,562	21,839	10,340	500	59,559
Balance end of year	\$ 1,002	23,488	1,488	21,839	10,507	506	58,830

See accompanying independent auditor's report.

## EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Changes in Fiduciary Net Assets  
Agency Fund

Year ended June 30, 2009

Account	Balance Beginning of Year	Additions	Deductions	Balance End of Year
Teachers Lounge	\$ 2,620	292	123	2,789
Board Clearing	729	-	568	161
Café Flex Plan	2,966	10,611	10,548	3,029
Foundation	<u>28,112</u>	<u>-</u>	<u>3,483</u>	<u>24,629</u>
	<u>\$ 34,427</u>	<u>10,903</u>	<u>14,722</u>	<u>30,608</u>

See accompanying independent auditor's report.



# BRUCE D. FRINK

Certified Public Accountant

Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of Financial Statements Performed in Accordance  
with Government Auditing Standards

**Member:**

- American Institute of Certified Public Accountants
- Iowa Society of Certified Public Accountants

**Services:**

- Individual & Corporate Tax Preparation, Partnerships, Estate & Trust
- Year Round Tax Planning
- Electronic Filing
- Payroll & Sales Tax Preparation
- I.R.S. Representation
- Monthly/Quarterly Write-Up
- Data Processing Services
- Payroll Preparation
- Computerized Financial Statements
- Business/Personal Financial Planning
- Bank Loan Assistance
- Section 105 Medical Plan Administration

**Plus:**

- Over 30 years of Expertise and Experience
- Evenings & Saturdays Available by Appointment
- Extended Hours During Tax Season

To the Board of Education of  
East Greene Community School District:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of East Greene Community School District as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated December 16, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered East Greene Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of East Greene Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of East Greene Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects East Greene Community School District's ability to initiate, authorize, record, process or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood a misstatement of East Greene Community School District's financial statements that is more than inconsequential will not be prevented or detected by East Greene Community School District's internal control. We consider the deficiencies in internal control described in Part I of the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by East Greene Community School District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we believe item I-A-09, I-B-09 and I-C-09 are material weaknesses.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether East Greene Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part II of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the District's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

East Greene Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the District's responses, we did not audit East Greene Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of East Greene Community School District and other parties to whom East Greene Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of East Greene Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



**BRUCE D. FRINK**  
**Certified Public Accountant**

December 16, 2009

EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

**Part I: Findings Related to the Financial Statements:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were reported.

**SIGNIFICANT DEFICIENCIES:**

I-A-09      Segregation of Duties - One important aspect of the internal control structure is the segregation of duties among employees to prevent an individual employee from handling duties that are incompatible. The District has done a good job of segregating duties among the present staff, however, the District Secretary continues to have the ability to override the present controls and circumvent the internal control system.

Recommendation - We realize the job description, as defined by the Code of Iowa, of the District Secretary makes the segregation of duties even more difficult and the elimination of the possibility of administrative override of the system improbable. However, we feel the board and the administration should review these policies annually and with each personnel change to insure the best possible control climate is maintained.

Response - We will continue to review procedures to obtain the best controls possible.

Conclusion - Response accepted.

I-B-09      Use of Signature Stamp - We noted that the Board President used a signature stamp to sign checks. We determined that control of the stamp was not maintained by the Board President, rather by the District Secretary. This allows the District Secretary to control both signatures required to sign checks under the Code of Iowa.

Recommendation - We recommend that control of the signature stamp be maintained by the Board President. If necessary, another individual may be designated to sign checks in the Board President's absence.

Response - We will investigate possible alternatives.

Conclusion - Response accepted.

**EAST GREENE COMMUNITY SCHOOL DISTRICT**

Schedule of Findings

Year ended June 30, 2009

**Part I: Findings Related to the Financial Statements:**  
(continued):

II-C-09      Auditor Drafting of the Financial Statements and Related Footnote Disclosures

Comment - As in prior years, we were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. SAS 112, an auditing standard from the American Institute of Certified Public Accountants, requires auditors to communicate this situation as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of the District's statements and footnotes, and the responsibility of the auditor to determine the fairness of the presentation of those statements. From a practical standpoint we do both for you at the same time in connection with our audit. This is not unusual for us to do this with organizations of your size. However, based on this auditing standard, it is our responsibility to inform you that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the District's management. As in prior years, we have instructed management to review a draft of the auditor prepared financial statements in detail for their accuracy, we have answered any questions they might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in your financial statements. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Recommendation - It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Response - We feel our review of the draft financials is adequate for us to accept this risk.

Conclusion - Response accepted.

**Part II: Other Findings Related to Required Statutory Reporting:**

II-A-09      Certified Budget - Expenditures for the year ended June 30, 2009, exceeded the amended certified budget amounts in the instruction and the other expenditures functions.

Recommendation - The certified budget should have been amended in accordance with Chapter 24.9 of the Code of Iowa before expenditures were allowed to exceed the budget.

Response - Future budgets will be amended in sufficient amounts to ensure the certified budget is not exceeded.

Conclusion - Response accepted.

II-B-09      Questionable Expenditures - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979.

II-C-09      Travel Expense - No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.



EAST GREENE COMMUNITY SCHOOL DISTRICT

Schedule of Findings

Year ended June 30, 2009

**Part II: Other Findings Related to Required Statutory Reporting:**  
**(continued):**

II-D-09 Business Transactions - Business transactions between the District and District officials or employees are detailed as follows:

<u>Name, Title and Business Connection</u>	<u>Transaction Description</u>	<u>Amount</u>
Timothy Bardole, Board President	Coaching	\$2,499

The transaction with Mr. Bardole does not appear to violate Chapter 279.7A of the Code of Iowa as it does not exceed the \$2,500 limit.

Recommendation - The District should review these types of transactions annually to ensure legal compliance.

Response - We will review these on an annual basis and consult with our attorney when needed.

Conclusion - Response accepted.

II-E-09 Bond Coverage - Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.

II-F-09 Board Minutes - We noted no transactions requiring Board approval which had not been approved by the Board.

II-G-09 Deposits and Investments - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District's investment policy.

II-H-09 Certified Annual Report - The Certified Annual Report was filed with the Department of Education timely and we noted no significant deficiencies in the amounts reported.

II-I-09 Certified Enrollment - We noted no variances in the basic enrollment data certified to the Department of Education.

II-J-09 Financial Condition - The District's General Fund had a deficit balance of \$108,207 at June 30, 2009.

Recommendation - We recommend that the District take steps to bring the fund to a positive fund balance.

Response - We will comply with this recommendation.

Conclusion - Response accepted.

**EAST GREENE COMMUNITY SCHOOL DISTRICT**

Schedule of Findings

Year ended June 30, 2009

**Part II: Other Findings Related to Required Statutory Reporting:**  
**(continued):**

II-K-09      Categorical Funding - No instances were noted of categorical funding being used to supplant rather than supplement other funds.

II-L-09      Statewide Sales and Services Tax - No instances of non-compliance with the use of the statewide sales and services tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales and services tax. For the year ended June 30, 2009, the District's financial activity and other required information for the statewide sales and services tax are as follows:

Beginning balance		\$	-
Statewide sales and services tax revenue			254,063
Expenditures/transfers out:			
School infrastructure:			
Equipment	\$24,142		
Other improvements	<u>71,510</u>		<u>95,652</u>
Ending balance			<u>\$158,411</u>